

SPEECH

OF

MR. TH: M. T. McKENNAN,

ON THE

SUBJECT OF THE BANK,

AND

THE REMOVAL OF THE DEPOSITES.

DELIVERED

IN THE HOUSE OF REPRESENTATIVES

On the 23d and 29th April, 1834.

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BOOKS

THE HISTORY OF THE UNITED STATES

OF THE UNITED STATES

1776

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S P E E C H.

The following resolution offered by Mr. MARDIS, of Alabama, and amendment offered by Mr. CORWIN, of Ohio, being under consideration, viz:

Resolved, That the Committee of Ways and Means be instructed to inquire into the expediency of reporting a bill requiring the Secretary of the Treasury to deposite the public moneys of the United States in the State banks; and also to the expediency of defining, by law, all contracts hereafter to be made with the Secretary for the safe-keeping, management, and disbursement of the same.

THE AMENDMENT.

Resolved, That the reasons of the Secretary of the Treasury for the removal of the public deposits from the Bank of the United States are insufficient; and that it is inexpedient to enact a law requiring the Secretary of the Treasury to deposite the public money in the State banks.

Mr. M'KENNAN, of Pennsylvania, addressed the House, as follows:

Mr. Speaker: Satisfied as I am that the State banks cannot, under any regulations which may be devised, be used with safety to the country, or advantage to the public, as the fiscal agents of the Government; and believing, as I most conscientiously do, that the removal of the public deposits from the Bank of the United States was arbitrary, unjust, and inexpedient, ill-advised and ill-judged, I cannot content myself with having given a silent vote upon the subject in another form; and although I cannot hope to shed any additional light on the interesting and important question, which has engaged in its discussion the best talents of the country, still I feel constrained by an imperious sense of duty to put my public seal of condemnation upon this lawless act of power, and to throw myself upon the indulgence of the House whilst I briefly detail the reasons which have brought my mind to the conclusion that this measure "was wholly indefensible, without color of probable cause, a violation of the Bank charter, an inroad upon the property and security of the citizens, and upon the rights of the Legislative department."

I am the more induced, sir, to say something on this subject from the peculiar relation which the State whence I come bears to the institution which has been so unfortunate as to fall under the heavy weight of Executive displeasure, and from the withering, destructive influence which this high-handed measure must have upon its wealth, prosperity, and happiness. That State, Mr. Speaker, I am proud to say, is powerful in her population, in her industry, enterprise, and resources; but, with humbling mortification I confess it, if the Governor, in his late message to the Legislature, and the Senate, in the resolutions they passed on the subject, can be considered as speaking the views and sentiments of the people, she is lamentably deficient in that *steady, uniform consistency* of course and in that *manly spirit of State pride* which are

so essential to give her the weight and influence among her sister States to which her wealth, population, and resources entitle her. It is humiliating in one of her citizens to make this confession; but truth and justice demand that it should be made. Let us look for a moment at the course which has been pursued towards her and her interests, and at the attitude she has now assumed, if, as I said before, the constituted authorities before referred to can be considered as speaking the language of the people. It is well known that Pennsylvania contributed efficiently to the elevation of the present administration into power. Impelled by a deep sense of gratitude for his brilliant military achievements, dazzled by his military glory, and induced to believe, from his expressed opinions and his votes, that he would support all the important measures of policy with which her interests were identified, her people rallied around the standard of the hero of New Orleans, and greatly aided in raising him to a station for which, in my humble judgment, he never was fitted either by nature, habit, temper, or education—and what has been the result? Let me ask—and I put the question to my colleagues, particularly to my colleague from Philadelphia, [Mr. SUTHERLAND,] whose mind, no doubt, from “*principle*,” without any regard to “*interest*,” has, since the last Congress, undergone an entire change as to the course and character of the present administration, and not only to them, but to the people of the State, and I wish it could reach the ear of every citizen of that State—*what great and important measure of policy, which she has advocated, has General Jackson sustained?*

If ever there was unanimity among the people of any community in support of any measure, the people of Pennsylvania have been unanimous in the support of the tariff, the system of internal improvements by the General Government, the Bank of the United States as a means of promoting agricultural prosperity and commercial enterprise, and the fair and equal distribution among the States of the proceeds of the sales of the public lands. To the first three they have clung as the sheet-anchor of the prosperity of the country; and is it not now thrown into our teeth that he has *prostrated* the *very policy* to which she has been wedded, and which her citizens have *so unitedly, so manfully, and so perseveringly supported?*

Have not his advocates on this floor, and particularly the gentleman from New York, [Mr. CAMBRELENG,] boasted, no doubt by way of *special felicitation* to my colleagues and the people of Pennsylvania, that he has *put his foot upon the “abominable”* policy of protecting the industry of our own citizens against foreign competition, and upon the system of internal improvement, and *trampled them in the dust?* And if any more or better proof be wanted than the boast of his friends upon this floor, I beg leave to refer to an authority which will not be disputed—to the official gazette, which is published under the very eye of the President, and must be considered as speaking his sentiments and feelings. I quote from the Globe of the 25th March:

“To the rescue, ye sons of the Ancient Dominion! That *triple-headed monster, the American system* (the tariff, internal improvement, and the “Bank!) is now in its *last agonies*, under the *blow of the hero of New Orleans!*”

But further, sir. In prosecution of a magnificent scheme of improvement within her own borders, that State has exhausted her resources, and involved herself in a heavy load of debt. She has been under the necessity of borrowing upwards of twenty millions of dollars; to pay the interest of which she has been compelled to resort to the oppressive taxation of her citizens, who have been looking with great anxiety to some measure which would relieve them from their difficulties and embarrassments. That relief was promised by the bill which was before Congress, at the last session, for the distribution of the sales of the

public lands among the States, which her Legislature, by a vote that was, I believe, entirely unanimous, instructed her Senators, and requested her Representatives on this floor, to support. The bill passed both Houses of Congress, all the Representatives from Pennsylvania, without a single exception, voting for it; and, if it had been permitted to become a law, would have brought into her treasury annually about three hundred thousand dollars, which would have gone far towards the extinguishment of the accumulating interest upon her canal loan, or would have formed a splendid fund for carrying into operation the system of common school education, which, I am happy to learn, has been lately adopted by her Legislature. But the views of the Representatives of the people were defeated, and the interests of Pennsylvania essentially injured, by the "*salutary*" exercise of the veto power!

And still further: The Bank of the United States, (to use the language of our Governor,) "has done some service" to the State. It is located in the commercial emporium which is the pride of the Commonwealth. When it went into successful operation, the State was flooded with a depreciated and worthless paper currency. The banking mania was carried to an excessive and extravagant length. Institutions, legal and illegal, sprung into existence every where, which vied with each other in the extravagance of their issues, and literally inundated the country with their uncurrent trash. The system of domestic exchanges was deranged and broken up; and, in making remittances to the Eastern cities, persons in the interior had to pay a premium of from ten to twenty per cent.

All the evils arising from such a state of things were remedied and removed through the benign and salutary influence of the Bank of the United States. Those local institutions which were based upon a false and fraudulent foundation were crippled and destroyed, and those which were conducted upon fair and correct principles were aided, encouraged, and strengthened by the United States Bank. Between it and the solvent State banks the most amicable relations were established; and, by their mutual efforts, the currency was purified and improved; a sound circulating medium was substituted in room of the miserable depreciated trash which had overrun the country; and exchanges were so regulated as to furnish all the facilities of the transmission of funds, from Louisiana to Maine, at the most trifling cost. Since that period, and until the exterminating war which has been commenced and carried on against this institution, the system of internal exchanges has perfectly answered all the purposes of the trading community.

The State of Pennsylvania experienced and fully appreciated the important advantages derived from this institution; and so fully impressed was her Legislature of the importance of the continuance of these advantages, that, two years since, they almost unanimously passed resolutions urging upon Congress the necessity of a speedy recharter of the Bank of the United States, as a means of promoting the prosperity of agriculture and manufactures, and of continuing a sound currency. These resolutions, which are not long, I beg leave to read to the House. They speak the sentiments of the people of Pennsylvania on the subject of the *American system* in general, (which, according to the language of the official paper, is in its last *agonies*, under the blow of the *Hero* whom they have aided in elevating into power,) and more particularly in relation to the "*hydra-headed monster*" upon whose neck his friends here boast that the Executive has put his foot.

"1. *Resolved, by the Senate and House of Representatives of the Commonwealth of Pennsylvania, in General Assembly met, That we view with most serious apprehension any attempt to lessen the restrictions upon the*

“ importation of any articles of foreign manufacture or production, which
 “ may compete with articles of similar growth, production, or manufacture
 “ of the United States.

“ 2. *Resolved*, That a reduction of duties upon articles the like of which are
 “ neither manufactured nor produced in the United States, or which does not
 “ materially affect the industry of the country, would meet the approbation
 “ of our constituents.

“ 3. *Resolved*, That the people of Pennsylvania cannot consent to an
 “ abandonment of the protective system.

“ 4. *Resolved*, That we view the *American system* as a whole, which re-
 “ quires the united and concentrated operations of its friends against all
 “ attempts to attack it in detail; and that no step should be taken to preserve
 “ one portion of it at the expense of another.

“ 5. *Resolved*, That, *connected as the prosperity of agriculture and*
 “ *manufactures is with the successful financial operations and sound cur-*
 “ *rency of the country, we view the speedy rechartering of the Bank of the*
 “ *United States, with such alterations as may secure the rights of the States,*
 “ *if any be necessary, as of vital importance to the public welfare.* Ap-
 “ proved by the Governor, January 6, 1832.”

Agreeably to the suggestions contained in these resolutions, the charter of the Bank of the United States was renewed, (every Representative from Pennsylvania, except one, voting for it,) with such modifications and alterations as was believed would protect the rights of the States, and remove all objection to its continuance; but again were the views of the representatives of the people, and the wishes and interests of the people of Pennsylvania, defeated by the intervention of the Executive veto!

And now, in view of all these things, let me say to the people of my State, and I say it more in sorrow than in anger, have you not been the instruments of the destruction of your own interests? Have you not bowed your necks to the yoke of power, which has been exerted to prostrate the policy which is intimately connected with the promotion of your prosperity and that of the country, and kissed the rod that smote you?

The reasons given by the President, in his veto message, for the rejection of the bill for rechartering the Bank, were not satisfactory to the people, nor were they satisfactory to the mind of the Governor of that State, who, in his annual message to the Legislature, in December, 1832, holds this language:

“ The Bank of the United States, *whatever may be alleged to the con-*
 “ *trary*” (in the veto message,) “ has certainly done the country some ser-
 “ vice. It has established a circulating medium in which the people have
 “ confidence. It is not denied, I believe, that it has greatly facilitated the
 “ operations of the General Government, so far as its pecuniary transactions
 “ were concerned; and it is admitted that it has materially aided individuals
 “ in their pecuniary arrangements with each other, and especially in the
 “ transmission of moneys to distant parts of the Union.”

And if we are to give credit to the testimony of a gentleman, one of the committee from the city of Pittsburg, who some weeks since visited this place to lay before Congress a representation of the distresses and embarrassments of that community, and wherever he is known I am sure his word will not be questioned; and when the members of this House are informed that the people of the county in which he resides have twice by their suffrages elected him to the profitable and responsible office of sheriff, they will not doubt his statement. I say, sir, if he is to be believed, the opinion of the Governor on the subject of the Bank, and its operations, and beneficial influ-

ence, had, at the time he held the conversation with him, undergone no alteration. To him he stated "that his opinions in relation to the Bank had already been made known on various occasions, in his messages to the Legislature, and in his approval of the unanimous resolutions of the Legislature in relation to the tariff and the Bank; that his opinions on these subjects are still unchanged; but that he did not feel it his duty now to make any public expression of his opinion in relation to the removal of the deposits, considering as he did that this was a question between the General Administration and the Bank, in which it did not become him to interfere."

Greatly, Mr. Speaker, would it have been to his credit, and to the credit, and honor, and advantage of the State, if he had adhered to this determination. This is a crisis in the affairs of Pennsylvania, as well as of the country, which demands all the firmness of the patriot and all the independence of her Executive. Borne down by an almost insupportable load of debt, her public improvements in danger of being stopped, and her credit at home and abroad destroyed, it was expected that her Chief Magistrate would, if he said any thing, denounce boldly and fearlessly, the real cause of her disasters. Many of his friends believed he would be equal to the conflict, but sadly have their expectations been disappointed. Notwithstanding his uniform, unequivocally favorable expression of opinion of the utility and operations of the Bank of the United States, his mind has undergone a *sudden, unexpected, unaccountable*, and, I must be permitted to say, *humiliating* change. Rumor says that the change was effected in one night.

Instead of assigning the removal of the public deposits and the vindictive warfare carried on against the Bank, which compelled it as a matter of absolute self-defence to curtail its discounts in order to prepare for the threatened assault, as the cause of the financial embarrassment of the State, he indulges in a course of insinuation and inuendo against the Bank, which, in my view, was totally unbecoming the high station he occupies, unjust towards the Bank, and unfounded in fact.

Allow me to refer to a brief extract from his late message to the Legislature, which, throughout, expresses his sentiments in a most *doubting* and *hesitating* manner, in which he says: "It can scarcely be doubted, from the course of the operations that institution has been pursuing for some time past, (whether *justifiable* or not I will not undertake to determine,) that the State is indebted in a great measure for its disappointments," &c. &c.

Now, sir, it must strike the mind of every man that this is extraordinary language to be used by the Chief Magistrate of a State. If the course pursued by the Bank was *justifiable*, where can he find an excuse for indulging in its denunciation or censure? If *unjustifiable* and *improper*, why has he not undertaken to state the reasons upon which the charge is made? This would have enabled the public to judge of the correctness of his opinion, and would have afforded an opportunity to the friends of the Bank of exposing either the falsity of the facts on which the opinion was founded, or the fallacy of the conclusions drawn from those facts.

What has produced this extraordinary change in the views and the course of the Executive, it would not be proper for me to conjecture. But from it I draw this sober, serious reflection: that this abandonment of well settled opinions; this subserviency to the will; this cringing before the power and popularity of an individual; this idolatry of a man and sacrifice of the best interests of the country, affords the strongest demonstration that we are fit only to be *slaves*! That the people of Pennsylvania will sustain him in this vacillating course, in these times which call for steadiness in principle, and

firmness in the expression of our opinions, I cannot believe. There are indications as clear as day, that the people are alive to their interests, and will speak to their rulers in a voice which will make them *feel* that they have disregarded those interests and trampled them under foot.

Mr. Speaker, at the time when the wanton, fearful, and ruinous experiment upon the industry, capital, and currency was commenced, the sun never shone upon a more happy, peaceful, prosperous, and improving country. Commerce, agriculture, and manufactures flourished; labor was fairly rewarded; industry and enterprise encouraged, and peace and plenty reigned in the land! But suddenly the scene is changed. The cries of deep distress salute our ears (they have been shut out from the ears of those who influence the Executive) from every section of the country. Our tables have been literally groaning under the weight of the memorials setting forth, in the most glowing colors, the embarrassments and complaints of the people. Commercial credit has been destroyed; manufacturing enterprise paralysed; agricultural products have been reduced from 30 to 50 per cent.; labor cannot now command its just and customary reward; ruin has overtaken the honest, industrious, and enterprising; families have been reduced to beggary; and desolation, like a whirlwind, now spreads over this lately flourishing land!

To what cause, sir, can this sudden reverse of fortune, these distressing calamities be attributed? Can any man in his senses doubt? Is it not as plain as the noonday sun, that they are attributable to the loss of public confidence, brought upon us by the ruinous and illegal interference of the President with the currency of the country? What has been the operation? The Bank of the United States was about to die a natural death; in two short years its charter would have expired, and no hopes were entertained by its friends that it could be continued any longer. If the amicable relations which have, in years that are gone by, existed between it and the Government had been preserved, and it had been permitted to die in peace, it would have brought its operations quietly and gradually to a close, and no such agitations and distractions could have convulsed the nation.

But a violent and desperate assault has been made upon the institution, by (to borrow an expression from the Governor of our State) "*an energetic and unbending antagonist*." A secret but exterminating warfare has been carried on against her; *secret*, I say, because no intimation, except so far as the Bank could collect it from rumor, was given of the meditated attack. The facts with respect to the secrecy with which the war was carried on, are briefly and satisfactorily stated in the report of the minority of the Committee of Ways and Means, an extract from which I beg leave to read to the House:

"The times and amounts in which the deposits were to be withdrawn by the Treasury, were not only not made known, but were concealed from the Bank. The Treasurer had been, for years, in the practice of sending daily lists to the Bank of every draft drawn upon it, stating both the date and the amounts, without the names of the holders; and he also sent weekly lists of the drafts, with the particulars in every point. These were the suggestions of amity to assist the Bank by the fullest information of the Treasury purposes; but, as soon as the policy of the Treasury Department was altered, and a hostile attitude assumed, the practice of daily and weekly lists was continued, but they did not speak the whole truth. Drafts, to an immense amount, were withheld from the lists, to be used according to contingencies, and at points where the Bank might or might not be prepared to meet them; and the daily and weekly lists consequently became instruments of deception to the Bank."

It was boasted by the confidential agent, employed by the Government to treat with the local banks, that the very existence of the institution depended upon the breath of the Secretary of the Treasury; that he could, at any moment, bring it to his feet; threats were uttered from high authority that from five to ten millions of its paper, in the form of checks, should not be received in the payment of the revenue, so as to throw them on the Bank for specie; the greater part of the public deposits were suddenly withdrawn from its vaults; and because, under all these circumstances, it reduced its accommodations, and endeavored to reduce its circulation, the effort is made by the friends of the administration to throw upon the Bank the imputation of producing the distress and embarrassment which pervade the country. At first, the existence of the distress was denied, but when the evidence accumulated upon them so as to be irresistible, they are brought to the reluctant admission of the truth of the fact, and then cry out it is the Bank—the Bank, which, by its oppressive conduct, has produced all the distress which is wringing the hearts of the people!

With what justice, Mr. Speaker, can this charge be made? What has the Bank done? An official report,* made by one of the respectable committees of the Board, shows clearly and conclusively that, previous to the first day of October, 1833, when the order was given for the withdrawal of the public deposits, during the months of August and September, when the Secretary complains that it oppressively curtailed its accommodations so as to force from the people a continuance of its charter, the Bank did not coercively collect a single dollar from its customers; the mother Bank gave no orders for the contraction of the loans, and every cent that was collected was voluntarily paid by its debtors in the ordinary course of business. Between the 1st day of October, 1833, and the 1st of April last, nearly eight millions of private and public deposits were withdrawn from its vaults, whilst the whole amount of reduction of loans was a little over five millions. The compulsory contraction of its discounts has not been equal, by nearly three millions of dollars, to the amount of the deposits which have been abstracted from it. Upon every principle of self-defence, were not the directors of the institution perfectly justified in going further than they did in making the fullest preparation to meet the meditated attack, whenever or wherever made? Would they not have been reckless of the trust confided to their care, if they had not made ample provision for its safety? I put it, Mr. Speaker, to every financial and candid man to say whether the Bank did more, under the circumstances, than was absolutely demanded by a regard to the interests of the stockholders, and its own security?

It will not do—the responsibility cannot be shifted—the people will see where it lies. The withdrawal of the deposits, with the spirit and in the manner in which it was done, imposed upon the Bank the imperious necessity of a contraction; credit and confidence were destroyed, and ruinous embarrassment must ensue as a necessary and inevitable consequence.

This view is so fully and forcibly expressed in the report of the Union Committee of New York, from the pen of that distinguished financier, enlightened patriot, and venerable man, Mr. Gallatin, that I cannot deny myself the gratification of quoting a paragraph from it. He says:

“But the fatal injury inflicted by the Executive measure, was its effect on general confidence. The threat of the removal of the deposits, and especially their actual removal, created apprehensions of danger, immediately

* See Appendix.

“to the Bank itself, and more remotely to all the moneyed institutions and
 “concerns of the country. Retrenchment at all, and rigorous enforcements
 “of its claims at some points, were presumed to be indispensable to the
 “safety of the Bank; and the extent being conjectural, was exaggerated by
 “timid capitalists, who, as a class, are, perhaps, more fearful than men of
 “less wealth. Men saw that the relations between the Government and the
 “Bank were thenceforth to be hostile; that between it and the selected banks
 “they were to be those of mistrust, and that without a National Bank the
 “stability and safety of the whole monetary system of the country would be
 “endangered. This was the first instance in the history of our Government,
 “of a direct interference of the President with one of its officers in the per-
 “formance of the duties which, by law, devolved exclusively on that officer.
 “It was the more dangerous, as being made in defiance of a solemn vote of
 “the late Congress at their last session: and as if with the intention to fore-
 “stall the opinion of that which must meet within sixty days after the inter-
 “ference was made, and as if to encroach on its legitimate rights. But
 “nothing could be more alarming to men of business, who rely for the suc-
 “cess of their operations on that stability in those of Government which can
 “only be guarantied by law, than unexpectedly to discover that the com-
 “merce, the currency, and the moneyed institutions of the country, its credit
 “and their own credit and fortunes, were thenceforth to depend on the pri-
 “vate opinions, the presumed wisdom, and the arbitrary will of one man.
 “Other minor causes increased the apprehensions, and restricted more and
 “more the use of private capital and private credit; and the alarm became
 “a panic not dependent upon, or to be explained as a matter of ordinary
 “reason.”

As I said before, Mr. Speaker, the responsibility cannot be shifted. The
 President assumed it, and with all its consequences, however dreadful, it
 must rest upon him, or rather upon those who, unfortunately for him and for
 the country, have wormed themselves into his confidence, and have deceived
 and imposed upon him. And this leads me to inquire into the circumstances
 under which this fearful responsibility was assumed. It was taken against
 the deliberate advice and earnest remonstrance of at least the half (if not
 more) of his *legal and responsible* advisers. The Secretary of the Treasury,
 who could have been actuated by no other motive than a regard for the Pre-
 sident's fame, the success of his administration, and his country's good, pre-
 sented his views freely, and fully, and most ably, on the subject. He firmly
 and fearlessly, but respectfully, remonstrated against the rash, fatal deed, and
 with a foresight and feeling, which did credit to his understanding and his
 heart, predicted all the destructive consequences to the credit, currency, and
 prosperity of the country which would flow from its adoption. *His warning
 voice was unheeded and unheard!* He might as well have attempted to quell
 the raging storm, or stay the surging billows as they dash against the fretted
 shore!

He was *sacrificed, thrust from office, trampled under foot!* and, in passing,
 let me say to *meek, patient, all-enduring* Pennsylvania, he is not the first of
 her distinguished sons who has been thus harshly, unjustly, and unceremo-
 niously treated since the present administration came into power. Since his
 removal from office he has been ridiculed, vilified, and abused by the official
 gazette and all the papers throughout the country in the support of the ad-
 ministration, and for what cause? Not for any lack of purity of principle, or
 integrity of purpose, or fidelity and firmness in the discharge of his official
 duties, but because he would not violate a sacred trust, specially confided to

his care by act of Congress, and would not permit himself to be made the slavish instrument of Executive will. He dared to consider himself, in the discharge of the trust imposed upon him, as the *officer of the law*, and not the *minion of power*. Sir, the late Secretary of the Treasury deserves the lasting gratitude of his country, and when the passions, and prejudices, and feelings of party have passed away, will challenge the exalted praise of the future historian for the manly firmness he displayed in resisting the encroachments of Executive power, at the expense of losing the honors and emoluments of an office he never sought, and which he had too much integrity to hold on such debasing terms. The struggle between his attachment to the President, his devotion to the party with which he had fought, and the good of his country, was a severe and trying one; but in such a conflict he could not—did not, hesitate. He manfully resisted all the temptations of ambition, and sacrificed all his fair prospects of political power and promotion upon the altar of the constitution and laws of his country. Sir, his conduct was above all praise.

His successor, sir, entertained very different views in the discharge of his duties. He laid down the trust imposed upon him, by act of Congress, at the feet of Executive power. *By law* he was the guardian of the public purse; that guardianship he surrendered into the hands of the President; *by law* he was the keeper of the keys of the treasury, and those keys he has given to the Executive, who, by the constitution, has the command of the army, and, by this surrender, has united in himself all the power of the purse and sword of the nation. By this union the very liberties of the country may be prostrated.

This union, sir, is distinctly, and in language which cannot be mistaken or misunderstood, claimed by the Executive in his late extraordinary protest against the proceedings of the Senate, which has been laid before the public. That paper contains doctrines, which, in my view, are subversive of the rights of the legislative branch of the Government, and of the principles of the constitution, and demanded the instantaneous and fearless rebuke of the representatives of the people. He there openly and unequivocally claims that *he* has the custody and care of the public money, as well as of the arms, and ammunition, and property of the United States, and denies the power of Congress, by law, to deprive him of the custody, care, and control of either. This is his language: “Whenever or howsoever the public money be obtained, its custody always has been and *always must be*, unless the constitution be changed, intrusted to the Executive Department.” “No officer *can* be created by Congress for the purpose of taking charge of it, whose appointment would not, by the constitution, at once devolve on the President, and who would not be responsible to him for the faithful performance of his duties.” “Congress cannot, therefore, take out of the Executive department the custody of the public property or money, without an assumption of Executive power, and a subversion of the first principles of the constitution.”

The constitution! where does it give him the custody of the public purse? By that instrument, in the definition of his powers, the President shall be commander-in-chief of the army and navy of the United States; shall have power to grant reprieves and pardons; to make treaties; and to nominate, and, with the advice of the Senate, appoint ambassadors, public ministers, and consuls, judges of the Supreme Court, and other superior officers of the United States. But where is the *single letter* in the constitution which gives him the care and custody of the money of the nation?

That same instrument provides that the Congress shall have power to lay and collect taxes, duties, imposts and excises, pay the debts, borrow money, coin money and regulate its value.

Who can doubt that the care and custody of the money *thus collected, borrowed, coined*, is under the control of the legislative department, which alone can direct "*how it shall be raised, where it shall be kept, and under what checks it shall be received, secured, and paid?*"

The care and custody of the money of the nation is clearly vested, by the constitution, in the representatives of the people, as the physical force of the country is placed under the control of the Executive, and for the wisest purposes. Keep those powers separated, and the liberties of the people are safe; combine them in the same hand, and the Government becomes an *absolute, unqualified, and unmitigated despotism*.

Doctrines so dangerous to the liberties of the people, and so subversive of the rights of the legislative department, as are contained in the paper alluded to, could not long escape the notice of the representatives of the people, who should always be jealous of their rights; they were noticed, and in such a manner as to induce the persons around the President to *think and feel*, and send in a supplement, *retracting* the most obnoxious dogmas promulgated in that document.

And here, sir, I cannot withhold a merited compliment from my friend, [Mr. WISE of Virginia.] (I know he will permit me to call him by that appellation, for he is connected with a family the head of which was my oldest and best friend, and now that he is gone, I may be permitted to say, was one of the purest men that ever breathed the breath of life,) for his fearlessness in the discharge of his duty as a representative on this floor in presenting the resolutions repudiating the unauthorized assumption of executive power. He is the friend of the President; his personal political and *sincere* friend! Fawners flatter the incumbent of power and patronage, and cry *peace peace*, when there is *no peace!* But to censure and condemn those in power, when there is ground of censure and condemnation, is an act of the purest and most disinterested friendship!

But, sir, to return to the Secretary of the Treasury. Within three days after his induction into office, he gave his order in *form*, (for it was, in fact, the order of the President, and had been announced in the Globe before his appointment) for what? Not merely that the public moneys thereafter collected should not be placed in the Bank of the United States, but that the moneys already collected and there deposited should be *withdrawn*; that the deposits should be *removed*. These moneys had been collected and placed in conformity to law in the Bank which was selected as the place of deposite, and was, as it were, the strong box or treasury of the nation. There they were perfectly safe and could not be constitutionally withdrawn except in pursuance of an appropriation by law.

Permit me here, Mr. Speaker, to say a word in relation to the safety of those deposits. It will be recollected, that in his annual message in December, 1832, the President intimated his apprehension that the Bank was not a safe depository of the public moneys, and urged the appointment of a committee to inquire into its state and condition. The Secretary of the Treasury entertaining similar suspicions, appointed a confidential agent, a gentleman of probity and worth, a friend of the administration, to make the necessary examination. He discharged that duty, and made a report to the department, exhibiting the amount of specie in its vaults, its debts and credits, which demonstrated that the institution was as sound as the mines of Potosi, and that

there could be no question about the safety of the public moneys. The committee of Ways and Means, to whom the President's message was referred, took up the subject, and after a full consideration, reported a resolution *affirming* "that the Government deposits may, in the opinion of the House, be safely continued in the Bank of the United States;" which was adopted by the overwhelming vote of 109 to 46 of the representatives of the people. Where, then, does the Secretary of the Treasury find any warrant or authority in the law or in the practice of the Government, for thus abstracting from its vaults the moneys there already deposited, and scattering them abroad to sustain the credit of the tottering State banks?

It will be observed, that it is not pretended that those moneys were drawn from the United States Bank for the purpose of making remittances for the payment of the claims against the Government, but were arbitrarily removed by the Secretary from the depository in which they had been placed by the legislative power, and placed in depositories arbitrarily selected by him without any sanction of law.

There is no provision in the charter conferring upon the Secretary the power of *removing* or *withdrawing*; the only power he has on the subject is, to order and direct that the public moneys be no longer deposited in the Bank, and for this order and direction, he is bound to submit his reasons to Congress.

The Committee of Ways and Means have, to be sure, labored to justify the conduct of the Secretary of the Treasury in this particular, by a reference to precedents and the practice of the Department. These precedents and that practice, have been most elaborately examined by the distinguished gentleman from Massachusetts, [Mr. ADAMS,] who has, in my opinion, to use his own strong language, "proved to the very rigor of mathematical demonstration, that the Committee of Ways and Means, to bolster up the lawless act of the Secretary of the Treasury, in transferring the public moneys from their lawful places of deposit to others, in one of which, at least, he had an interest of private profit to himself, have ransacked all the records of the Treasury from its first institution, in 1775, to this day in vain."

He was not then justified by law; his conduct was not sanctioned by precedent or practice, and, in this particular, whatever may be our opinion as to the propriety and expediency of his *ceasing* thereafter to deposite the public moneys in the bank, he acted without law, and against law, and for this ought to be rebuked and condemned.

Mr. Speaker, before I enter upon an examination of the nature of the reasons submitted by the Secretary of the Treasury in justification of his conduct in withholding the moneys collected from the Bank, allow me to propound this question, and I do it with perfect respect to the House: Are there a majority, are there sixty members on this floor, who, in their consciences, believe that this measure was founded upon good, satisfactory, and substantial reasons? As I live, I believe there are not! But if in this opinion I should be mistaken, does not a regard for the character and feelings of the Secretary demand that the satisfactory nature of his reasons should be distinctly affirmed by their votes? A sorry compliment, indeed, must he consider it, on the part of his friends, if they elude the issue, and refuse to affirm that they believe he has done right!

And if, on the other hand, they believe that the reasons he has assigned for his conduct are unsatisfactory, futile, and insufficient, do not truth and justice, a regard for the rights of the Bank, and fearlessness in the discharge of their duty, demand that they should put their seal of condemnation upon those reasons, and say to the Secretary, whatever may be our opinion as to the

expediency of restoring the deposits, we are satisfied that you had no good and substantial reasons for their removal. Approbation, if he did right, must be highly gratifying to his feelings; rebuke, if he has done wrong, may have a salutary effect upon his future conduct and that of his successors. Hitherto the fair and proper issue, by the ingenuity (I will not say the *political manœuvring*) of the Committee of Ways and Means, has been avoided; it is now fairly and distinctly presented by the amendment offered by the gentleman from Ohio [Mr. CORWIN] to the resolution under discussion; and let me implore the friends of the administration, by the regard they have for the same and feelings of the Secretary, as well as by the regard which they should have for the rights of the Bank, to *toe* the mark, and affirm or disaffirm the validity of his reasons.

Sir, when the charter was granted to the Bank, a solemn contract was entered into between the institution and the United States, founded upon a fair, mutual, and valuable consideration. On the part of the Bank it was stipulated, in consideration of the *immunities, privileges, and benefits* conferred upon it, to pay one million five hundred thousand dollars into the Treasury, within four years after the date of its charter, which is fully equivalent to one hundred thousand dollars per annum, *safely* to keep the funds of the Government, and faithfully to transmit those funds from one point of the Union to the other, free of all charges, expenses, and allowances, as the necessities of the Government might require. This latter stipulation on the part of the Bank was one of immense interest and importance to the Government, and by it millions of money, probably, have been saved to the treasury.

On the part of the United States, banking privileges were conferred upon the institution; and it was agreed that no other institution of the kind should be established during the term of its continuance. It was further stipulated that the public revenues, when collected, should be deposited in the Bank, to be used in carrying on the operations of trade; it being understood, however, that it should always be ready promptly to meet the requisitions of the Department. This stipulation is made in the 16th section of the act of incorporation, which is in the following language:

“ *And be it further enacted*, That the deposits of the money of the United States, in places in which the said Bank and branches thereof may be established, *shall be made* in said Bank or branches thereof, unless the Secretary of the Treasury shall at any time otherwise order and direct, in which case the Secretary of the Treasury shall immediately lay before Congress, if in session, and if not, immediately after the commencement of the next session, the reasons of such order or direction.”

By the 15th fundamental article of the charter, the Bank is directed to furnish to the Treasury Department, if required, a weekly statement of its condition, exhibiting the amount of capital stock and debts due to it, the moneys deposited in it, the notes in circulation, and the specie on hand. The right of inspection into the general accounts in the books is also reserved to the Secretary of the Treasury.

The first inquiry to be made, in looking at the several provisions of the charter, is, what discretion was intended by the framers of the act to be vested in the Secretary of the Treasury? Was it a *wild, arbitrary, capricious* discretion, to be exercised upon any or upon no grounds; or was it a *sound, legal*, discretion, to be exercised upon good and substantial reasons, and those reasons having a direct reference to the safety of the depository and the

fidelity and promptitude with which the promised facilities were afforded by the Bank?

The Secretary yields, in his argument, that there can be no danger of loss to the Government by the continuance of their funds in the depository designated by law; and that the Bank has been prompt and punctual in the discharge of its duties in making transmissions of the public funds according to the demands of the Department. I cannot hesitate in believing that, if the question were propounded to any professional man, or any man of common sense, uninfluenced by party feelings and prejudices, that he would answer that, in making this concession, the Secretary has swept from under him the very foundation upon which the exercise of his power under the charter rests.

But, sir, to proceed with a brief examination of the Secretary's reasons:

When he undertakes to pronounce the act of incorporation unconstitutional, the existence of such a powerful moneyed monopoly as dangerous to the liberties of the people and to the purity of our political institutions, is it not a perfectly satisfactory answer to say, that all the arguments which ingenuity could suggest, to show the unconstitutionality and impolicy of the measure, were urged at the time of the passage of the bill; that, in view of all the objections which could be raised, the law was enacted; and that it rests not with him, as the head of the treasury, to question the constitutionality or propriety of an act which has received the sanction of the constituted authorities of the Government.

In answer to the reason assigned for the exercise of the power vested in him on account of the near approach of the termination of the Bank charter, it seems to me to be altogether conclusive that this was a matter exclusively for the determination of Congress, whose intention he was bound to respect and to carry into effect. It is clear that, if they had intended that the deposits should be removed two years before the expiration of the Bank charter, they would have so provided in express terms; they were to judge whether the interests of the country would be promoted by continuing them in the Bank until its charter expired, and, having fixed no limitation as to time, it is manifest that they intended that they should there remain during the term of its continuance. In frustrating their views, the Secretary has arrogated to himself legislative powers, and, for it, can find no justification in the law.

All the allegations, as to the abuse of the power and privileges of the Bank, might well be addressed to Congress on the presentation of the question of continuing that power and those privileges, after the expiration of the charter, and if true, would be entitled to great weight and consideration from the representatives of the people; but I cannot, for the soul of me, discover how they can legitimately be made use of as arguments for the withdrawal of the public moneys so long as they are safely lodged and safely kept in the depository of the law during the continuance of its charter.

Whether the Bank has committed gross and palpable violations of its charter is not a matter to be determined by the Secretary of the Treasury. He has not been, and never was intended to be, constituted its accuser, trier, judge, and executioner. When any serious charges of this kind are presented, the charter prescribes the manner in which those charges shall be investigated and tried; they are not to be determined by any officer of the Government, but are to be submitted to the decision of the courts of law, through the intervention of a jury of the country, which is the safeguard of the rights, liberties, and property of the people. The judicial tribunals cannot be operated upon by party, political, vindictive, and improper feelings;

and, therefore, has the power of investigation and decision in all cases of alleged infraction of its chartered powers and rights, been most discreetly vested, by law, in those tribunals, and in *no* other. Before them the Bank, when arraigned, can confidently expect a fair, unprejudiced, hearing, and, if condemned, that condemnation will be just. The twenty-third section of the act of incorporation prescribes the mode in which it may thus be brought to trial: If, at any time, Congress or the President shall have reason to believe that its charter has been violated, a *scire facias* may be sued out of the circuit court of the district of Pennsylvania, and immediately upon the return of the writ, that court may, through the intervention of a jury, examine into the truth of the alleged violation, and, if the facts are found against the Bank, pronounce and adjudge that the charter is forfeited and annulled.

Why, Mr. Speaker, has not this fair, legal, and constitutional mode of trial been adopted, instead of the Secretary's assuming to himself judicial powers not vested in him by law? The answer is palpable and plain, and is to be found in the contemptuous opinion entertained by the President, and deliberately expressed to the late Secretary of the Treasury, of the judicial tribunals of the country. They were *committed* and *prejudiced*, and, therefore, no confidence could be reposed in their decisions. Yes, sir, the Supreme Court of the United States, which is the *purest* tribunal on earth, could not be trusted with the determination of the question whether the Bank had violated its charter or not!

To a similar feeling of want of confidence in the integrity and virtue of the people's representatives, is to be attributed the haste with which this measure was adopted, in defiance of the solemn and decided vote of this House, at the last session, and within sixty days of the meeting of the present Congress, who were about to come fresh from the people, and ought to have been presumed to be acquainted with their views and wishes on the subject. This is his language: "The matter under consideration, (the removal of the deposits,) is one of vast consequence to the country; unless the Bank is *broken down*, it will break us down. If the last Congress had remained a week longer in session, *two-thirds would have been secured for the Bank by corrupt means*, and the like result may be apprehended the next Congress."

Yes, Mr. Speaker, in the opinion of the Chief Magistrate, you may be bought by money, or the lure of office; my old friend from New York, who sits near me, [Mr. DAY,] and who is as true as steel, and as honest as the *day* is long, may be bought, and we are *all, all* corrupt!

Sir, the flatterers and parasites who surround the President, have taken advantage of his age and infirmities, and, by their fawning sycophancy, induced him to believe that he unites, in his character and person, *all* that is *pure, patriotic, and perfect*. One says "it is glory enough to have served under such a chief;" another, "Andrew Jackson will never bow down at the shrine of the golden calf;" another, not contented with making him a second Washington, says "that, in the success of his administration, he has surpassed the Father of his Country:" and thus, by continually pouring the incense of adulation into his ears, he has become transported beyond the bounds of reason; thinks there is no confidence to be placed in any other department of the Government; that the Judiciary is *prejudiced*; the representatives are *corrupt*; and that *he, and he alone*, is to be *trusted with the interests of the people!* Upon what other supposition can it be credited that the Chief Magistrate would so far lose sight of the dignity of his station as to indulge in language so derogatory to the fame of those against whom the imputation is made, and so injurious to the character of the nation?

My view, Mr. Speaker, then is, that, with the questions of the constitutionality of the Bank, the alleged abuse of its powers and privileges, and the violations of its charter, the Secretary had nothing to do. This justification must rest upon other and better grounds. The only inquiry to be made by him was, whether the Bank had been a prompt and faithful agent of the treasury, and whether it was a safe or unsafe depository of the public moneys.

I feel myself greatly strengthened and confirmed in this construction, by the provisions of the bill lately reported by the Committee of Ways and Means, "regulating the deposit of the money of the United States in certain local banks." It is understood to be the *projet* of the treasury department, and, of course, must speak the views of the Secretary as to the grounds upon which the power of discontinuing the depositories and withdrawing the deposits ought to be placed. I listened with some anxiety to the reading of it when it was reported, and have since examined its provisions with a view of ascertaining whether *the approaching termination of the charter* of any of the selected depositories; *its abuse of its powers and privileges*; *its entering the political arena*, and *publishing political essays*; *its violation of its charter* were set forth as good and sufficient grounds for the exercise of the discretion proposed to be vested in the Secretary of the Treasury. But there are no such grounds for the exercise of the power presented. It is only to be exercised in the single case when any one of the selected banks appears from the exhibition of its statements, or from personal inspection, to have so extended or conducted its business, as to render it, in the opinion of the Secretary of the Treasury, an *unsafe* depository of the public money. He does not claim, in the bill, that the discretion ought to be exercised on any other ground than a regard for the *safety of the deposits*.

How can it be believed, then, that the Congress which passed the act of incorporation of the Bank of the United States, were guilty of the folly of conferring on the Secretary an *unlimited power*, which in the bill emanating from the treasury, it is not claimed he ought to be permitted to exercise?

Sir, the only reasons presented by the Secretary which bear any thing like a resemblance to those of a financial and proper character, are the conduct of the Bank in relation to the three per cents. and the protested bill upon the French Government.

It is not my intention to recite the particulars of the transaction on the subject of the three per cents., which have been frequently and fully detailed to the House. It is enough for me to know, that the Government suffered nothing, either in character or in purse, by that transaction; that the Bank, by making the arrangement with the foreign holders of the stock, were enabled to accommodate its customers; to furnish capital for profitable employment to our own citizens; and that the whole subject was fully canvassed at the last session, when the House of Representatives, by the overwhelming vote before referred to, determined that the Bank could safely be continued as the depository of the public moneys. The facts in relation to the French bill are few and simple. The United States held a claim upon the French Government, for which a bill of exchange was drawn and actually *sold* to the Bank, which proposed to receive it for collection; but the Secretary of the Treasury, believing it would be more to the interest of the Department to sell, declined the proposition. When the bill was presented it was dishonored and protested for non-payment. The heinous offence, then, committed by the Bank, in the opinion of the Secretary, was, the *daring* to claim from the Government, the damages to which it would certainly have been entitled if the bill had been drawn by a private individual and passed to

the Bank in the same way. In this transaction the Bank was not the *agent* of the Government, but the *purchaser* of its bill. If the Secretary of the Treasury drew upon the French Government without authority, or if the French Government improperly refused to honor the draft, the Bank, as the purchaser of the bill, was fairly, and equitably, and legally, entitled to the customary damages; and I venture to affirm that no court of law or equity in Christendom, if the question were submitted, would refuse to sustain the claim.

Thus, Mr. Speaker, have I, as hastily and briefly as possible, noticed the reasons of the Secretary of the Treasury in justification of his conduct; and, after the fullest reflection which I have been able to bestow upon the subject, cannot bring my mind to any other conclusion than that there is no substance, sufficiency, or satisfaction in them; and that the honor and plighted faith of the Government demand an immediate restoration of the deposits. There are some, however, who disapprove of the manner in which the affairs of the Bank have been conducted, but cannot sustain the reasons of the Secretary for committing an act of the grossest injustice, that think it will not relieve the country from impending embarrassment and ruin to direct a restoration of the deposits; unless it be accompanied with a bill for the continuance of the Bank charter, to which they cannot, on any terms, assent; that if the Bank can, in any way, repossess itself of the public funds, it will fasten itself upon the fears of the people and extort from public suffering a renewal of its charter. To these objections, a ready and satisfactory answer might be given; and it is this: That, by contract, the Bank is entitled to those moneys; it has been illegally and improperly deprived of them; and morality and justice demand that they should be restored, whatever may be the consequences. *Fiat justitia, ruat cælum!* is a sound maxim for the conduct of governments as well as individuals.

But, sir, something is due to the prejudices and apprehensions of our opponents; and, for one, (I speak only for myself; I have no authority to speak for others,) I would be willing to meet them upon middle ground, provided a single gleam of hope of restoring confidence, and administering relief to a suffering people, should break through the cloud of darkness which now overshadows the land.

I am satisfied that a national bank is absolutely essential to the stability and safety of the monetary system of the country, as well as indispensable to the safe and convenient collection and disbursement of the public revenues. A continuance of the present institution, under such modifications and restrictions as would obviate all reasonable objections, would, in my opinion, produce much less convulsion in trade, and much less distress in the community, than if it should be compelled to close its concerns, enforce the collection of its debts, and if a new bank should be established on its ruins. But I have not a friend or a constituent, so far as I know, who owes to it a single dollar, or holds in it a single share of stock; and I am not wedded to the institution. I believe it has been the instrument of great good; but I am willing to yield something to those who differ from me in opinion, provided the concession is received and met in a proper spirit. I say, therefore, to the friends of the Administration, who are in favor of a national bank, redeem the plighted faith of the nation, heal the bleeding wounds of the constitution, do justice, restore the deposits, which have been illegally taken from the Bank, and I will join you, heart and hand, in devising a plan for the establishment of a new bank, to go into operation immediately on the expiration of the charter of the one now existing. This will relieve from any apprehension of the resuscitation of the alleged "monster;" and if, during the remainder of its short

life, the amicable relations which have heretofore existed between it and the Government can be, in any measure, re-established, public confidence may yet be restored, and the country saved from ruin.

But, sir, I fear that there is little hope of the adoption of any expedient which can promise the slightest mitigation of the evils which are pressing upon, and will inevitably overwhelm us. The edict has gone forth that the deposits shall not be restored; that the charter of the present Bank shall not be renewed; and that no new bank shall be incorporated! The bill reported by the Committee on Ways and Means, which speaks the views of the Administration, promises nothing else than "to carry us back to all the horrors of a currency proceeding from five hundred irresponsible State banks," scattered throughout the country; and whose notes, with few exceptions, all experience shows, never will have a circulation beyond the immediate neighborhood in which they are located. It is impossible to maintain among the people such confidence in the shoals of local banks which may be created by all the different States of the Union, as will furnish that sound and uniform currency which the interests of trade and the prosperity of the country demand.

Upon those States there is no restriction, over them there is no control; they may incorporate as many banks as they please; and we all know when the banking mania seizes any people what a disposition there exists among them to carry the system to excess. In the State from which I come, we have had a strong lesson of admonition on this subject. In 1814 the rage for banking was carried to such an excessive length that public opinion forced upon the Legislature the necessity of incorporating, at one sweep, a batch of forty banks. They all went into operation, and were compelled, from their number and the competition, to push their circulation as far as possible; but that circulation was necessarily confined within very narrow limits. For a time money was plenty, property commanded an extravagant price, and there was a seeming, but short-lived, prosperity; but soon, very soon, the day of reckoning came; the notes in circulation returned upon the banks, they could not redeem them, suspended specie payments, forced the collection of their debts, sacrificed the property of their debtors, and involved all in almost irretrievable ruin. Such has been, with us, and throughout the country, the result of the experiment to establish a general, uniform, and sound currency, through the agency of State banks; and ought to be a salutary lesson to all who may be disposed to experiment upon the currency and the interests of the people. Whatever may be the theories of visionary men, it has been found, and it will be found, to be utterly impracticable, through the agency of local banks, without any controlling, supervising power to restrict their excessive issues, to furnish a safe circulating medium. In the notes of the Bank of the United States we have the best currency in the world. They are preferable to specie, inasmuch as they are more convenient. With them, a man may travel, without any apprehension of loss, from the Gulf of Mexico to the St. Lawrence, from the Pacific to the Atlantic ocean, and even to India. Who can want a better currency? Where or how can a better be procured? The notion is chimerical; the experiment will prove unsuccessful and injurious.

If the merchants and traders of the country cannot carry on their operations of trade, and the general convenience of the public cannot be promoted, without the agency of a national bank, it will not require much proof to demonstrate that the business of the Treasury and the fiscal operations of the Government cannot be conducted with facility, efficiency, and safety, without such an institution. The amount of public revenues which are to

be annually received, safely kept, transmitted from one point of the Union to the other, and paid out, averages from ten to twenty-five millions. Can it be believed that any State bank, or any league of State banks, can perform all the services and meet all the demands of the Treasury, without compensation for those services which have been performed and met by the United States Bank? Their circulation being necessarily limited and restricted, they cannot, upon the strength of the Government deposits, very largely extend their issues, for fear of their notes being immediately returned upon them. They must be in continual dread and apprehension; and will soon discover that the services they have to perform, and the expenses they have to incur, and the risks they have to run, will greatly more than equal the benefits to be derived from the agency they have undertaken. If they save their money, to be always ready to meet the requisitions of the Treasury, they must lose their interest, and it must be, of course, a losing concern to the stockholders. If they trade upon it, they cannot meet the demands of the Department, and then it may be ruinous to the Treasury. Nothing but a bank of large capital, and of a circulation co-extensive with the country, can safely undertake, free of charge or expense, the collection, transmission, and payment of the public revenues, at whatever times, and at whatever points, the exigencies of the Treasury may demand.

In proof of the utter impracticability of the State banks performing all the duties required in carrying on the fiscal operations of the Government, we have the concurrent testimony of most of the distinguished men who have successively filled the Treasury Department down to the present incumbent. Their testimony, as it is founded upon actual experience and observation, is entitled to great weight, and ought not to be disregarded. It is not my purpose now to detain the House by a reference to their authorities. There is one, however, which speaks volumes on the subject, and demonstrate the absolute necessity of a national bank. I allude to the letter of Mr. Crawford, who was for many years at the head of the Treasury Department, and was intimately acquainted with its operations and its wants. This opinion, thus founded upon experience, is irresistible. He says: "I was Secretary of the Treasury more than eight years, and during that time I had ample evidence of the great utility of the Bank of the United States in managing the fiscal concerns of the Union. I am persuaded that no man, whatever his preconceived opinions may be, can preside over the Treasury one year without being deeply impressed with the expediency of the Bank of the United States in conducting the finances of the Union."

But, Mr. Speaker, why shall we theorize—why reason or produce the weight of authority of distinguished men upon this subject? The school of experience is the school of wisdom, and in it statesmen may learn important lessons. Do we not know, from the experience of nearly forty years, that, so long as a Bank of the United States has been in operation, we have had a sound currency; and that it was thrown into utter confusion when left to the control of the several States, each acting according to its particular views of the subject? Does not the history of the country and of the Treasury Department furnish abundant proof that a national bank may be safely and advantageously used as its fiscal agent; and that the experiment of employing the local banks for that purpose must be dangerous in the extreme? Within the last thirteen years, the Bank of the United States has received upwards of two hundred and fifty millions of dollars of the public revenue, collected in different parts of the Union, kept it safely, disbursed it, without charge or expense, at

whatever time and in whatever place it was required by the Department, and faithfully accounted for every dollar of it.

And now let us reverse the picture, and mark the contrast. During the short time which transpired between the expiration of the charter of the old Bank of the United States and the creation of the present, when the State banks were used as the agents of the Treasury, the Government sustained an actual loss of about fifteen hundred thousand dollars from the failure of those Banks which had been selected as the depositories, and of those whose paper had been received in payment of the public dues. Those funds have been altogether unavailable; are now in your Treasury, and, with the accumulating interest, must amount to nearly three millions of dollars.

The United States Bank has proved itself a safe, faithful, capable, and efficient agent. It would seem to be folly in the extreme to dismiss and destroy it, and to employ in its place fifty or more agents in the different States, at the imminent hazard, as *dear-bought* experience shows, of losing the funds of the Government. But, sir, I will not abuse the kind indulgence of the House, exhibited in suspending the rule to permit me to close my remarks, and will pursue the subject no further.

My efforts have been directed to show that the removal of the deposits from the Bank of the United States was arbitrary, unjust, indefensible, and inexcusable. That a National Bank is absolutely necessary to the fiscal operations of the Government, of the mercantile and trading community, and to the general convenience of the public, and that no reliance can be placed upon the local Banks, as instruments in establishing and continuing a sound currency, or as agents in managing the fiscal concerns of the Union. A few words more, and the attention of the House shall be relieved. Sir, a war, violent, vindictive, and exterminating, carried on against an institution which has existed for many years with great advantage to the country, and was about expiring, threatens seriously to affect the interests of the people, and involve them in bankruptcy and ruin. The transfer of the custody of the public moneys, without the authority of law, is altogether indefensible as a matter of policy, and has aimed a fatal blow at the peace and prosperity of the country. This is a crisis which demands the sternest efforts of the patriot, as well as the most fervent prayers of the Christian.

In this solemn crisis, will the people be true to their interests and to the constitution? or will they, from their idolatry to a man, submit to Executive encroachments which may lead to the prostration of their liberties? *I cannot, will not, believe they will so submit.* There is a spirit abroad in the land—we see it at the north; at the south; in the cities; in the country; every where; which will defy the shackles of party and of personal attachment. It is the spirit of freemen, who *know* their rights, and knowing, *dare maintain them!* My hope and trust is that the Mighty Ruler of the universe, who holds the destinies of nations in his hands, will give success to their patriotic efforts to save the constitution and the country.

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APPENDIX.

BANK OF THE UNITED STATES.

APRIL 8, 1834.

At a meeting of the board of directors held this day, M. EYRE, from the Committee on the Offices, presented the following report, which was read. Whereupon, on motion of Mr. SERGEANT, it was unanimously

Resolved, That the said report be approved and published.

Extract from the minutes.

S. JAUDON, *Cashier*.

The Committee on the Offices deem the close of the first quarter of the year a proper occasion to present a review of the measures adopted by them, in conformity to the instructions of the board on the 24th of September and 21st of January last.

During the summer of 1833, it became manifest that the Executive of the United States meditated some signal act of hostility to the Bank; and, accordingly, the board took early measures to provide against it. For this purpose, they began by preventing the increase of business of the Bank, by diminishing the time of the loans, so as to make the funds of the Bank more available; and, finally, to protect the western offices against a repetition of the effort made during the last year, it is believed from the same quarter, to cause a run upon them. Accordingly, on the 13th of August, 1833, the board adopted the following resolutions:

1. *Resolved*, That for the present, and until the further order of the board, the amount of "bills discounted" shall not be increased at the Bank and its several offices.
2. *Resolved*, That the bills of exchange, purchased at the Bank and all the offices, except the five western offices, shall not have more than ninety days to run.
3. *Resolved*, That the five western offices be instructed to purchase no bills of exchange, except those payable in the Atlantic cities, not having more than ninety days to run, or those which may be received in payment of existing debts to the Bank and the offices, and then not having more than four months to run.

This was the only measure then deemed necessary, the board being anxious to make the Bank safe, without incommoding the country. So strong was this conviction, and so reluctant was the board to diminish its business until it became necessary, that when, on the 16th of August, the Government directors offered a resolution "for the gradual reduction of the business of the institution throughout all sections of the country," the board declined even the consideration of it.

It was not until the 14th of September, that, as the indications of an approaching act of aggression were multiplied, the board appointed a Committee of seven members "to take into consideration what measures it was necessary and proper should be adopted on the part of the Bank, in consequence of the recent intimations that the deposits of the Government were to be moved."

The committee, still unwilling to diminish its accommodations to the community, did not advise any curtailment of the loans, but merely followed out the plan adopted on the 13th of August, of keeping the funds of the Bank in a state of activity, and moving them forward gradually to the Atlantic cities, where the Bank was most vulnerable to the Treasury. They, therefore, on the first of October, prepared resolutions, which were adopted, to the following effect:

1st. To extend their third resolution of the 13th of August from the five western offices to the offices of Burlington, Utica, Buffalo, Pittsburg, Natchez, and New Orleans.

2d. That all the other offices should likewise purchase bills only on the Atlantic cities, New Orleans, and Mobile, not having more than ninety days to run.

3d. To increase the rates of buying bills of exchange.

4th. To restrict the receipt of the State bank notes to those in the same places with the offices; and

5th. To collect the debts due by distant State banks.

Up, then, to the 1st of October, 1833, no order had been given to curtail the loans. But all who are familiar with our commerce know, that, during the summer, in the interval between the old and the new crop, commercial operations, and the loans founded on them, subside. This may be seen in the following statement of the reduction of the business of the Bank, between the 1st of July and 1st of October, for many successive years. That reduction amounted

In 1823	-	-	to	-	-	\$ 1,240,436 14
1824	-	-	to	-	-	2,119,291 31
1825	-	-	to	-	-	2,131,436 75
1826	-	-	to	-	-	3,012,258 41
1827	-	-	to	-	-	2,215,818 61
1828	-	-	to	-	-	1,473,926 98
1829	-	-	to	-	-	3,258,080 10
1830	-	-	to	-	-	2,710,644 14
1831	an increase under the peculiar circumstances of the country during that year.					
1832	-	-	to	-	-	4,722,770 70
1833	-	-	to	-	-	3,275,694 62

So that, without any orders to that purpose, but in the natural course of business, the loans had diminished from the first of July to the first of October, 1833, \$3,275,694 62—a result occasioned by the voluntary payment at maturity of bills of exchange amounting to

And an *increase* of the local loans of

Leaving the aggregate reduction 3,275,694 62

It was probably in consequence of ignorance of the business of the country, that the Secretary assigned, as a reason for removing the deposits, the “curtailments,” and the “oppressive system of policy” of the Bank, that the returns of the Bank showed a reduction, from August to October, of \$4,066,146 21.

He ought to have seen, from the statements furnished to him, that there were no curtailments at all. He ought further to have known, that this “oppressive system” consisted of a voluntary reduction, by the maturity of bills of exchange drawn at New Orleans, to the amount of

Of bills drawn at other places,

Making,

And of a voluntary diminution of local loans of

\$ 4,066,146 21

This very reduction in the local loans, moreover, consisted merely of a voluntary payment by a mercantile house, under an arrangement for paying the three per cents. in Europe, by which bills on London were substituted for the sum of \$1,046,678 60, advanced to them: so that there was not one dollar of involuntary reduction of the loans, at the very moment when the Secretary gave as a reason for removing the deposits, the oppressive curtailments of the Bank.

About the 1st of October the removal of the deposits took place. With-

out a moment's previous notice the bonds actually in the Bank were withdrawn from it; and it has since appeared, that while the Treasury was sending daily and weekly lists, professing to contain all the orders on the Bank, secret drafts, suppressed from the list, to the amount of \$2,300,000, were distributed, for the purpose of being suddenly used, while the Bank was ignorant of their existence. It was then, for the first time, that the Bank yielded to the necessity of diminishing its accommodations to the community.

On the 8th of October, the committee appointed on the 24th of September reported the following resolution, which was adopted:

"That the Committee on the Offices be authorized to direct such a gradual reduction in the amount, and the time of the loans at the respective offices, as may, in their judgment, be made without inconvenience to the customers of the Bank or the community."

The committee endeavored to execute this authority in such a manner as would accomplish the object of securing the Bank, without injuring the community; and they accordingly directed a reduction of the loans, in conformity to the situation of each office, while, at the same time, the purchase of domestic bills was left as unrestricted as the state of the Bank permitted, in order to facilitate the reduction of the local loans, and also provide the means of transmitting the proceeds of these reductions to the exposed parts of the establishment.

The progress of these reductions will be seen in the annexed comparative statement, marked A, of the condition of the Bank on the 1st of October and the 1st of April, respectively:

From this table it appears that the total amount of reduction was - - - - - \$5,287,385 31

But from this should be deducted the operations in the old suspended debt at the agencies at Cincinnati and Chilicothe, which being settlements in or for real estate, and not connected with this movement, they amount to - - - - - 239,858 19

So that the actual reduction of loans, from the 1st of October to the 1st of April, has been only - - - - - \$5,057,527 12

During the same period, the reduction of deposits was 7,778,403 41

This will be more perspicuously seen in the following statement:

	Loans.	Public Deposites.	Private Deposites.
October 1, 1833, -	\$60,094,202 93	\$9,868,435 58	\$8,008,862 78
November 1, 1833, -	57,210,604 38	8,232,311 18	7,285,041 88
December 1, 1833, -	54,453,104 67	5,162,260 63	6,827,173 10
January 1, 1834, -	54,911,461 70	4,230,509 63	6,734,866 06
February 1, 1834, -	54,842,973 64	3,066,561 72	6,715,312 60
March 1, 1834, -	56,167,829 86	2,604,233 62	7,343,129 92
April 1, 1834, -	54,806,817 62	2,932,866 74	7,166,028 21
Reduction of public deposites, - -		\$6,935,568 84	
Reduction of private deposites, - -		842,834 57	
		<u>7,778,403 41</u>	
Reduction of loans, - - - -		\$5,057,527 12	

During the same period, the accommodation given to the State banks will be exhibited in the following statement of the balances due from them, and the amount of their notes on hand at these several periods;

October 1,	-	-	-	-	\$4,719,972 00
November 1,	-	-	-	-	4,489,217 00
December 1,	-	-	-	-	4,083,258 00
January 1,	-	-	-	-	3,519,385 00
February 1,	-	-	-	-	3,211,385 00
March 1,	-	-	-	-	2,035,985 00
April,	-	-	-	-	2,195,489 00

Leaving the monthly average,	-	-	-	\$3,464,956 00
In the same period the Bank has purchased, of domestic bills of exchange,	-	-	-	\$32,788,704 00
And of foreign bills,	-	-	-	1,882,620 00
In the same time it has paid off its branch notes, which it was not obliged to pay, except where issued, at Baltimore, Philadelphia, New York, and Boston, alone, the sum of	-	-	-	12,691,130 00

Having thus succeeded in bringing the funds of the Bank into a state of control, ready to be applied in whatever quarter they be most needed, the committee, in the month of March, directed the southern offices to abstain from increasing the amount of their purchases of domestic bills of exchange beyond their incomes.

Such is the history and the present state of the reductions directed by the committee.

The examination of it will present the following result:

- 1st. That the Bank never directed any curtailment of its loans until the actual removal of the deposits.
- 2d. That the only actual reduction of loans took place from the 1st of October to the 1st of December, when the loans were diminished, - \$5,641,098 26
While at the same time the public and private deposits were reduced, - 5,887,864 63
- 3d. That from the 1st of December, 1833, to the 1st of April, 1834, the loans have not been reduced, but, on the contrary, have actually been increasing, and are greater on the 1st of April, 1834, than on the 1st of October, 1833, by - 353,712 95
While, during that same period, the public deposits had decreased no less than - 2,239,393 89
- 4th. That the total reduction of loans from the 1st of October to the 1st of April, was - 5,057,527 22
While the public deposits had been reduced \$6,935,568 84
Private deposits, - 842,834 57
Making an aggregate of - 7,778,403 41
being a reduction of loans less, by nearly three millions, than the reduction of deposits.
- 5th. That so far from cramping the trade of the country, it has actually purchased, from the 1st of October to the 1st of April, of domestic and foreign bills of exchange, - 34,671,324 00
- 6th. That the State banks were permitted to be indebted to the Bank an average amount of - 3,464,956 00

These statements may not be inappropriately closed by a few remarks:

Up to the 1st of October, 1833, the Bank of the United States was responsible for the general condition of the currency of the country. After years of effort and sacrifice, it had brought the currency and the exchanges of the Union into a condition probably better, in many respects, than existed elsewhere. With this responsibility was mingled the duty of averting every calamity, and mitigating every shock that might, by deranging the currency, injure the community. It was for this purpose, that the Bank interposed, in the disastrous crisis of 1825; for this, that it extended its loans, in 1831, until the country could recover from its excessive importations; for this, that it

defrayed, out of its own funds, the cost of postponing the payment of the three per cents. in 1832; and also, in the same year, assumed the payment of the debt to foreigners, lest their demands might add to the troubles of a pestilence which was disordering the commerce of the country. It was for this, in short, that at all times, and under all circumstances, the currency and the exchanges were objects of its constant solicitude.

On the 1st of October, 1833, the violation of the charter of the Bank put an end to all that responsibility. On that day the Bank of the United States, as a component part of the financial system established by Congress, in which the public revenue was to sustain the public currency, ceased to exist. It became the property of its stockholders; and whether that property should continue to be lent, or should be recalled from the borrowers in greater or less proportions, was a matter for them, and for them alone, to decide. If, therefore, in the effort to sustain its credit, the directors of the Bank had reduced its loans more rapidly than consisted with public convenience, the reproach should be on the aggressors, who had made this act of self-defence necessary.

It has indeed been asserted, that the Bank has made oppressive curtailments; and the motives ascribed for them are unkindness to the Executive, and a desire to extort from public suffering a continuance of its charter. Nothing can be more groundless than the allegation, except the causes assigned for it. So far from making any unnecessary curtailments, it has been seen that the Bank has made the least possible reduction consistent with its own security. True it is, that, since the Bank refused to permit the political interference of executive officers, it has been the object of imbittered hostility; and equally true, that this very removal of the deposits was declared, by the Secretary of the Treasury who refused to make it, to be a "vindictive" act against the institution. But these are feelings which the directors of the Bank cannot possibly reciprocate. Nor would they deem so meanly of the spirit and intelligence of their countrymen, as to believe that they would be driven to support what their judgments disapproved, by any inconveniences which the Bank could possibly occasion. So far from having the remotest wish to cause such sufferings, the Bank, if it has erred, has erred on the gentler side of looking less to its own interests than to those of the country. For that extreme forbearance, however, it finds an adequate justification in the extraordinary position in which the country is now placed.

The violation of the laws committed by the Executive is of itself calculated, by destroying confidence and breaking down the established currency, to convulse and affect the country. In such a crisis, the Bank, unwilling to aggravate these evils, has forborne to press its claims, but rather endeavored to mitigate the severity of the injuries inflicted on the community. It will still continue to do so, whenever it can be done with safety; but that safety is its first duty, and must be its chief care.

